



Serbia: Current Issues and U.S. Policy

Steven Woehrel

Specialist in European Affairs

April 12, 2010

Congressional Research Service

7-5700

www.crs.gov

RS22601

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 12 APR 2010		2. REPORT TYPE		3. DATES COVERED 00-00-2010 to 00-00-2010	
4. TITLE AND SUBTITLE Serbia: Current Issues and U.S. Policy				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, Library of Congress, 101 Independence Ave, SE, Washington, DC, 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 12	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Summary

Serbia faces an important crossroads in its development. It is seeking to integrate into the European Union (EU), but its progress has been hindered by a failure to arrest remaining indicted war criminals and by tensions with the United States and many EU countries over the independence of Serbia's Kosovo province.

Parliamentary elections were held in Serbia on May 11, 2008. On July 7, the Serbian parliament approved a new government coalition led by pro-Western forces, but which also includes the Socialist Party (once led by indicted war criminal Slobodan Milosevic). The global economic crisis poses serious challenges for Serbia. The downturn has required painful budget cuts. In January 2009, the International Monetary Fund approved a \$530 million stand-by loan for Serbia and another \$4.2 billion loan in April. Serbia has also received loans from the World Bank and EU.

Serbia's key foreign policy objectives are to secure membership in the European Union and to hinder international recognition of Kosovo's independence. The European Union signed a Stabilization and Association Agreement (SAA) with Serbia on April 29, 2008. It provides a framework for enhanced cooperation between the EU and Serbia in a variety of fields, with the perspective of EU membership. In December 2009, the EU agreed to allow the trade provisions of the SAA to be implemented, although ratification of the accord and the implementation of the remaining provisions awaits an EU determination that Serbia is fully cooperating with the former Yugoslavia war crimes tribunal. In late December 2009, Serbia submitted an application to join the EU. It hopes to join the organization as early as 2014, although many observers are skeptical about the likelihood of such a rapid accession.

Serbia has vowed to take "all legal and diplomatic measures" to preserve Kosovo as part of Serbia. So far, 65 countries, including the United States and 21 of 27 EU countries, have recognized Kosovo's independence. However, Russia, Serbia's ally on the issue, has used the threat of its Security Council veto to block U.N. membership for Kosovo. Serbia won an important diplomatic victory when the U.N. General Assembly voted on October 8, 2008, to refer the question of the legality of Kosovo's declaration of independence to the International Court of Justice. A decision on the case is expected later this year.

In December 2006, Serbia joined NATO's Partnership for Peace (PFP) program. PFP is aimed at helping countries come closer to NATO standards and at promoting their cooperation with NATO. Although it supports NATO membership for all of its neighbors, Serbia is not seeking NATO membership. This may be due to such factors as memories of NATO's bombing of Serbia in 1999, U.S. support for Kosovo's independence, and a desire to maintain close ties with Russia.

U.S.-Serbian relations have improved since the United States recognized Kosovo's independence in February 2008, when Serbia sharply condemned the U.S. move and demonstrators sacked a portion of the U.S. Embassy in Belgrade. During a May 2009 visit to Belgrade, Vice President Joseph Biden stressed strong U.S. support for close ties with Serbia. He said the countries could "agree to disagree" on Kosovo's independence. He called on Serbia to transfer the remaining war criminals to the ICTY, promote reform in neighboring Bosnia, and cooperate with international bodies in Kosovo.

Contents

Background	1
Current Political and Economic Situation	1
Political Situation.....	1
Serbia's Economy	2
Foreign Policy.....	3
European Union	4
NATO	5
Russia	5
U.S. Policy.....	6
Congressional Role	8

Contacts

Author Contact Information	9
----------------------------------	---

Background

In October 2000, a coalition of democratic parties defeated Serbian strongman Slobodan Milosevic in presidential elections, overturning a regime that had plunged the country into bloody conflicts in the region, economic decline, and international isolation in the 1990s. The country's new rulers embarked on a transition toward Western democratic and free market standards, but success has been uneven. Serbia has held largely free and fair elections, according to international observers. A new constitution adopted in 2006 marked an improvement over the earlier, Socialist-era one, but has some shortcomings, especially concerning the independence of the judiciary. Serbian governments have undertaken economic reforms and the country has experienced rapid economic growth in recent years, but living standards remain poor for many. The global economic crisis has dealt a setback to Serbia's economy. Organized crime and corruption remain very serious problems.

Serbia has set integration in the European Union as its key foreign policy goal, but its progress has been slowed by a failure to arrest remaining indicted war criminals. Serbia's ties with the United States have been negatively affected by the leading role played by the United States in promoting the independence of Kosovo, formerly a Serbian province.¹

Current Political and Economic Situation

Political Situation

Serbia's most recent presidential elections were held on January 20, 2008. Incumbent Boris Tadic of the pro-Western Democratic Party (DS) faced Tomislav Nikolic from the ultranationalist Serbian Radical Party (SRS), as well as several candidates from smaller parties. Nikolic won 39.99% of the vote. Tadic came in second with 35.39%. The other candidates trailed far behind. As no candidate received a majority, a runoff election was held between Tadic and Nikolic on February 3. Tadic won reelection by a narrow majority of 50.6% to 47.7%.

On May 11, 2008, Serbia held parliamentary elections. The previous government broke up in March 2008 as a result of dissension between Prime Minister Vojislav Kostunica and President Tadic over policy toward the European Union. Kostunica conditioned improvement of ties with leading EU countries on their renunciation of support for Kosovo's independence, effectively shelving EU integration for Serbia. Tadic gave top priority to EU integration, while still opposing Kosovo's independence. In a result that surprised many observers, Tadic's For a European Serbia bloc (headed by the DS) performed well, receiving 38.8% of the vote and 102 seats in the 250-seat parliament. The Radicals won 29.2% of the vote and 77 seats. Kostunica's nationalist Democratic Party of Serbia (DSS)-New Serbia list received 11.3% of the vote and 30 seats. A bloc led by the Socialist Party of Serbia (SPS)—the party once led by former Yugoslav strongman Slobodan Milosevic—won 7.8% of the votes and 20 seats. The pro-Western Liberal Democratic

¹ Serbia was linked with Montenegro in a common state until Montenegro gained its independence in June 2006. For more on Serbia's development from the fall of Milosevic until Montenegro's independence, see CRS Report RL30371, *Serbia and Montenegro: Background and U.S. Policy*, by Steven Woehrel.

Party won 5.3% of the vote and 14 seats. The remaining seven seats went to parties representing Hungarian, Bosniak, and Albanian ethnic minorities.²

On July 7, 2008, the Serbian parliament approved the new Serbian government, with a slim majority of 128 votes in the 250-seat assembly. The government is led by Prime Minister Mirko Cvetkovic, an economist who was Finance Minister in the previous government. The ruling coalition is led by the DS, and includes other pro-Western groups and representatives of ethnic minorities. It also includes a bloc headed by the Socialist Party, once led by indicted war criminal Slobodan Milosevic. Socialist leaders say they are trying to transform the SPS into a European-style social democratic party. They say they support European integration for Serbia.

The government's position was strengthened in September 2008 with the split of the Radical Party, the largest opposition party in parliament. The largest group, under Nikolic's leadership, became the Serbian Progressive Party. It has adopted a more pragmatic attitude to such issues as EU integration for Serbia than the Radicals. Some Democratic Party leaders reportedly see the Progressives as a possible partner in a future Serbian government, although such statements may also be intended to keep small parties in their fractious coalition in line. The rump, ultranationalist wing of the Radical Party continues to exist under the leadership of indicted war criminal Vojislav Seselj, who is currently being held at the International Criminal Tribunal for the former Yugoslavia in The Hague, Netherlands. The global economic crisis may have hurt the government's popularity. In local elections in Belgrade in 2009, the SNS did very well at the expense of the DS.

Serbia has faced some problems with the Presevo Valley region in southern Serbia. This ethnic Albanian majority region bordering Kosovo has been relatively quiet since a short-lived guerrilla conflict there in 2000-2001 between ethnic Albanian guerrillas and Serbian police, in the wake of the war in Kosovo. However, there have been sporadic incidents and problems since then. In July 2009, two attacks were made against Serbian police, resulting in several injuries. Local Albanians claim discrimination and a lack of funding from Belgrade, despite pledges by Belgrade of greater support after the 2000-2001 uprising. Some local ethnic Albanian leaders have called for the region to be joined to Kosovo. Others have called for the territory to be swapped with Kosovo in exchange for Serbian-dominated northern Kosovo. The Serbian government and the international community have strongly opposed these ideas.

Serbia's Economy

The global economic crisis has posed significant challenges for Serbia. Until the crisis hit in late 2008, Serbia experienced rapid economic growth. This growth was fueled by loose monetary and fiscal policies (in part keyed to election cycles), including increases in pensions and public sector salaries. Serbia's central bank estimated that Serbia's real Gross Domestic Product (GDP) grew by 5.4% in 2008, on a year-on-year basis. Serbia's central bank has estimated that Serbia's GDP fell by an estimated 2.8% in 2009, a better showing than expected in the latter part of the year. The Economist Intelligence Unit projects very weak growth of 1% in 2010. Serbia's unemployment rate in October 2009 was 16.6%. The slowdown in economic activity has slowed Serbia's relatively high inflation rate. In February 2010, Serbia's consumer price inflation was 3.9%, on a year-on-year basis.

² Serbian election commission website http://www.rik.parlament.sr.gov.yu/index_e.htm, accessed on May 14, 2008.

In January 2009, the International Monetary Fund approved a \$530 million stand-by loan for Serbia. In April 2009, the IMF agreed to provide Serbia with an additional \$4.2 billion loan. Under the agreements with the IMF, Serbia would have to cut its 2009 budget deficit to 3% of GDP. However, plunging government revenue and persistently high government spending made it impossible for Serbia to meet the 3% budget deficit limit. In October 2009, the IMF and Belgrade agreed that Serbia could run a deficit of 4.5% of GDP in 2009 and 4% of GDP in 2010 in exchange for freezing government salaries and pensions and pledging to reform the country's pension system.³ The agreement with the IMF ensured that Serbia would receive critical additional loans from the World Bank and budgetary support from the EU.

Foreign Policy

Since taking power in 2008, the Serbian government's foreign policy has focused on two main objectives—integration into the European Union and hindering international recognition of the independence of Serbia's former Kosovo province. To this end, Serbia has focused on seeking good relations with the EU, in order to achieve its long-term goal of EU membership. It has tried to avoid conflicts with the 22 EU countries that have recognized Kosovo's independence, while cultivating the five states whose non-recognition of Kosovo serves to block a closer formal relationship between the EU and Kosovo.

Serbia has also bolstered ties with Russia, partly in an effort to secure economic advantages and partly to ensure Russia maintains its staunch opposition to Kosovo's independence. Efforts to improve relations with China and the non-aligned movement may also be aimed at limiting international recognition for Kosovo. U.S.-Serbian ties have improved since U.S. recognition of Kosovo's independence in February 2008, but appear not to play a central role in either country's foreign policy at present. Although the United States has offered to "agree to disagree" with Serbia over Kosovo, the issue may continue to affect relations, particularly as the United States remains Kosovo's most powerful international supporter.

Serbia's relations with the countries in its region are far better than during the conflicts of the 1990s, but tensions remain over the legacy of the wars and over Kosovo. Croatia and Bosnia filed cases with the International Court of Justice (ICJ) charging Serbia with genocide during the wars of the 1990s. (Ruling in the Bosnia case in 2007, Serbia was cleared of genocide, but found Serbia in violation of international law for not preventing the Srebrenica massacre, and other failings). In 2009, Serbia countered with an ICJ suit of its own against Croatia. However, Serbian and Croatian leaders are discussing the possibility of both sides dropping their suits.

Some Bosnian leaders, mainly from the Bosniak (Muslim) ethnic group, have complained that Serbian leaders have done little to rein in Bosnian Serb leader Milorad Dodik's perceived efforts to undermine the effectiveness of Bosnia's central government institutions. Serbia asserts that it respects Bosnia's sovereignty and territorial integrity and abides fully by the terms of the Dayton Peace Agreement that established Bosnia's current governmental system. In March 2010, at the urging of President Tadic, the Serbian parliament passed a resolution condemning the crimes committed by Serbian forces in Srebrenica in Bosnia in 1995.

³ Economist Intelligence Unit Country Report: Serbia, December 2009 and April 2010.

Kosovo is also a cause of tension in regional ties. Serbia's neighbors have all recognized Kosovo, to Serbia's great irritation. Serbian leaders have boycotted regional meetings if Kosovo government leaders attend as representatives of an independent country, rather than under the aegis of the U.N. Mission in Kosovo (UNMIK). Serbia refused to attend a March 2010 regional summit organized by Slovenia because Kosovo attended as an independent state. A EU-Balkans summit scheduled for June 2010 may be also be affected by the controversy unless a compromise formula can be found.

European Union

In hopes of boosting the DS and other pro-European parties in the May 2008, elections, the European Union signed a Stabilization and Association Agreement (SAA) with Serbia on April 29, 2008. The agreement would grant trade concessions to Serbia. It would also provide a framework for enhanced cooperation between the EU and Serbia in a variety of fields, including help in harmonizing local laws with EU standards, with the perspective of EU membership.

The Netherlands blocked implementation of provisions of the SAA until all EU countries agreed that Serbia is cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY). Serbia made substantial progress in this regard when it detained indicted war criminal Radovan Karadzic on July 21, 2008, and later transferred him to the ICTY. In an effort to show its strong support for EU integration, Serbia unilaterally began to implement trade provisions of the SAA in February 2009, lowering tariff barriers for EU goods to enter Serbia. After a largely favorable report on Serbia's cooperation with the ICTY from the Tribunal's chief prosecutor, the EU decided on December 8, 2009, to unfreeze the key trade provisions of the SAA. However, other provisions of the SAA remain unimplemented, due to Dutch objections. Further progress on the SAA may occur later in mid-2010, depending on further Serbian progress in cooperation with the ICTY. Nevertheless, on December 22 Serbia submitted an application for EU membership. However, "enlargement fatigue" among key EU member states, continuing controversies over ICTY cooperation, and reluctance of some EU member states to "import" the Kosovo dispute into the EU may delay Serbia's EU membership candidacy.

Ties between most EU countries and Serbia have been strained over Kosovo. Twenty-two of the 27 EU countries have recognized Kosovo (including key countries such as Britain, France, Germany, and Italy). Five EU countries, including Greece, Cyprus, Slovakia, Romania, and Spain, have declined to recognize Kosovo's independence. These countries are either traditional allies of Serbia, or have minority populations for whom they fear Kosovo independence could set an unfortunate precedent, or both. Prime Minister Cvetkovic has vowed to take "all legal and diplomatic measures" to preserve Kosovo as part of Serbia. Serbia won an important diplomatic victory when the U.N. General Assembly voted on October 8, 2008, to refer the question of the legality of Kosovo's declaration of independence to the International Court of Justice. A decision on the case is expected later in 2010.

Perhaps partly in a desire to improve its relations with the EU, Serbia agreed to the deployment in December 2008 of EULEX, an EU-led law-and-order mission in Kosovo. In an October 2009 report on Serbia's possible EU candidacy, the European Commission said Serbia had taken "first steps" in cooperation but needed to do more. Serbia has continued to stress that cooperation with EULEX does not imply recognition for Kosovo's independence. Serbian leaders have said that they will reject EU membership if it is conditioned on recognizing Kosovo's independence.

Since December 19, 2009, the EU has permitted Serbian citizens to travel visa-free to the EU. Many Serbs may see the decision as the most tangible (and most prized) benefit they have received so far from the Serbian government's pro-EU policy.

NATO

In December 2006, Serbia joined NATO's Partnership for Peace (PFP) program. PFP is aimed at helping countries come closer to NATO standards and at promoting their cooperation with NATO. Serbia's government has pledged to enhance cooperation with NATO through the PFP program. Serbia has generally supported KFOR, the NATO-led peacekeeping force in neighboring Kosovo, while sometimes criticizing it for allegedly not doing enough to protect Serbs there. However, in January 2009, Serbia warned that NATO's role in overseeing the new Kosovo Security Force (seen by both Serbia and ethnic Albanians in Kosovo as a *de facto* Kosovo army) could have a negative impact on Serbia's cooperation with the Alliance.

Serbian leaders have expressed support for the NATO membership aspirations of all of the other countries in the region, including recently admitted member states Croatia and Albania, and aspirants Macedonia, Montenegro, and Bosnia. Nevertheless, Serbia is not seeking NATO membership for itself. Due in part to memories of NATO's 1999 bombing of Serbia and anger at the U.S. role in Kosovo's independence, public opinion polls have shown that only about one-quarter of the Serbian public favor NATO membership. At its April 2008 Bucharest summit, NATO said it would consider granting Serbia an Intensified Dialogue with the Alliance. If Serbia decides to seek such a status in the future, it could eventually be followed by a Membership Action Plan, which would lay out in detail what steps Serbia would need to take to become a serious candidate for NATO membership.

Russia

Russian-Serbian ties received a substantial boost in 2007 and 2008, when Russia emerged as the most powerful international opponent of Kosovo's independence. Russia's Security Council veto has helped Serbia block U.N. membership for Kosovo. Serbia's decision to not pursue NATO membership, although made for reasons of its own, may have been bolstered by a desire to avoid alienating Moscow, which deeply distrusts the organization.

Energy is another key component in the Russian-Serbian relationship. In December 2008, the Russian natural gas monopoly Gazprom signed an agreement with Serbia to buy a controlling stake in NIS, the Serbian national oil company. Gazprom's effort may have been helped by Moscow's opposition to Kosovo's independence. The two sides also signed plans to route a branch of Gazprom's proposed South Stream natural gas pipeline through Serbia and for Gazprom to invest in a gas storage facility in Serbia. Serbia and other Balkan countries suffered a two-week-long supply interruption of as a result of the Russian-Ukrainian natural gas crisis in January 2009. The crisis pointed up Serbia heavy dependence on Russian energy supplies, which South Stream will not alleviate. During an October 2009 visit to Belgrade, Russian President Dmitri Medvedev and President Tadic hailed the close relationship between the two countries. Russia discussed a possible \$1.5 billion loan to Serbia.

U.S. Policy

Serbia has played a key role in U.S. policy toward the Balkans since the collapse of the former Yugoslavia in 1991. U.S. officials came to see the Milosevic regime as a key factor behind the wars in the region in the 1990s, and pushed successfully for U.N. economic sanctions against Serbia. On the other hand, the United States drew Milosevic into the negotiations that ended the war in Bosnia in 1995. The United States bombed Serbia in 1999 to force Belgrade to relinquish control of Kosovo, where Serbian forces had committed atrocities while attempting to suppress a revolt by ethnic Albanian guerrillas. U.S. officials hailed the success of Serbian democrats in defeating the Milosevic regime in elections in 2000 and 2001. The United States has seen a democratic and prosperous Serbia, at peace with its neighbors and integrated into Euro-Atlantic institutions, as an important part of its key policy goal of a Europe “whole, free and at peace.”

The United States provides significant aid to Serbia. According to the FY2010 Congressional Budget Justification for Foreign Operations, in FY2009, Serbia was slated to receive an estimated \$49.95 million in U.S. aid. Of this total, \$46.5 million is aid for political and economic reforms. Other aid includes \$0.8 million in Foreign Military Financing (FMF), \$0.9 million in International Military Education and Training (IMET) assistance, and \$1.75 million in the Non-Proliferation, Antiterrorism, Demining, and Related (NADR) account. The Obama Administration requested \$54.575 million in aid for Serbia in FY2010. This includes \$51 million in aid for political and economic reforms, \$1.5 million in FMF, \$0.9 million in IMET, and \$1.175 million in NADR funding. For FY2011, the Administration requested \$52.55 million in aid for Serbia, including \$48 million for political and economic reforms, \$2.5 million in FMF, \$0.9 million in IMET, and \$1.15 million in NADR.

The goal of U.S. aid for political reform is to strengthening democratic institutions, the rule of law, and civil society. It includes programs to strengthen the justice system, help fight corruption, foster independent media, and increase citizen involvement in government. Aid is being used to help Serbia strengthen its free market economy by reforming the financial sector and promoting a better investment climate. Other U.S. aid is targeted at strengthening Serbia’s export and border controls, including against the spread of weapons of mass destruction. U.S. military aid helps Serbia participate in NATO’s Partnership for Peace program.

The signing of a Status of Forces Agreement with Serbia in September 2006 has permitted greater bilateral military cooperation between the two countries, including increased U.S. security assistance for Serbia as well as joint military exercises and other military-to-military contacts. The Ohio National Guard participates in a partnership program with Serbia’s military. However, despite U.S. urging, Serbia has declined to contribute troops to the NATO-led ISAF peacekeeping force in Afghanistan. In 2005, the Administration granted duty-free treatment to some products from Serbia under the Generalized System of Preferences (GSP).

However, there remain difficult issues in U.S.-Serbian relations. One is Serbia’s failure to fully cooperate with the ICTY. Since FY2001, Congress has conditioned part of U.S. aid to Serbia after a certain date of the year on a presidential certification that Serbia has met several conditions, the most important being that it is cooperating with the ICTY. The certification process typically affects only a modest portion of the amount allocated for any given year, due to the fact that the deadline for compliance is set for a date in the spring of the fiscal year, and that humanitarian and democratization aid are exempted. U.S. officials hailed the arrest of indicted war criminal Radovan Karadzic on July 21, 2008. Former Bosnian Serb army chief Ratko Mladic and another

Serb, Goran Hadzic, are the only two remaining ICTY indictees at large.⁴ The United States praised the March 2010 Serbian parliament resolution condemning the crimes committed by Serbian forces in Srebrenica in 1995. A State Department spokesman said the resolution was "positive step toward reconciliation, addressing the crimes of the past, fostering regional relations, and promoting stability in the region."

The most serious cloud over U.S.-Serbian relations is the problem of Kosovo. The United States recognized Kosovo's independence on February 18, 2008.⁵ On the evening of February 21, 2008, Serbian rioters broke into the US Embassy in Belgrade and set part of it on fire. The riot, in which other Western embassies were targeted and shops were looted, took place after a government-sponsored rally against Kosovo's independence. The embassy was empty at the time. Observers at the scene noted that Serbian police were nowhere where to be found when the incident began, leading to speculation that they had been deliberately withdrawn by Serbian authorities. Police arrived later and dispersed the rioters at the cost of injuries on both sides. One suspected rioter was later found dead in the embassy. U.S. officials expressed outrage at the attack and warned Serbian leaders that the United States would hold them personally responsible for any further violence against U.S. facilities. President Tadic condemned the attack and vowed to investigate why the police had allowed the incident to occur.

Serbia has made some moves to improve ties with the United States in 2009. After having been withdrawn after the recognition of Kosovo, Serbia's ambassador to Washington returned to his post in October 2008. In March 2009, President Tadic called for "a new chapter" in bilateral relations with the United States, saying such better ties are needed to secure peace and democracy in the Balkans. He said he expected to meet with President Obama "in the period ahead of us."

On May 20, 2009, Vice President Joseph Biden visited Serbia, in a trip to the region that also included Kosovo and Bosnia. Biden said the United States wants to improve ties with Serbia. He acknowledged that Serbia must play "the constructive and leading role" in the region for the region to be successful. He expressed the belief that the United States and Serbia could "agree to disagree" on Kosovo. Biden stressed that the United States did not expect Serbia to recognize Kosovo's independence, and would not condition U.S.-Serbian ties on the issue. However, he added that the United States expects Serbia to cooperate with the United States, the European Union and other key international actors "to look for pragmatic solutions that will improve the lives of all the people of Kosovo," including the Serbian minority.

Biden said the United States also looks to Serbia to help Bosnia and Herzegovina become a "a sovereign, democratic, multi-ethnic state with vibrant entities." U.S. officials have often asked Serbia to use its influence with Bosnian Serb leaders to persuade them to cooperate with international officials there. Finally, Biden called on Belgrade to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia. Biden said that the United States "strongly supports Serbian membership in the European Union and expanding security cooperation between Serbia, the United States, and our allies." He called for strengthening

⁴ For background, see CRS Report RS21686, *Conditions on U.S. Aid to Serbia*, by Steven Woehrel.

⁵ For a text of the U.S. announcement on recognition of Kosovo's independence, see the State Department website, <http://www.state.gov/secretary/rm/2008/02/100973.htm>. For more on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy: Background to Independence*, by Julie Kim and Steven Woehrel, and CRS Report RS21721, *Kosovo: Current Issues and U.S. Policy*, by Steven Woehrel.

bilateral ties, including military-to-military relations, economic ties (the United States is currently the largest foreign investor in Serbia) and educational and cultural exchanges.⁶

In what U.S. officials framed as a follow-up to Vice President Biden's visit the previous year, Deputy Secretary of State James Steinberg met with President Tadic and top Serbian officials in Belgrade on April 7-8, 2010. Steinberg reiterated U.S. support for Serbia's EU integration. In Belgrade and during a visit to Kosovo on the 8th, he called on Serbia and Kosovo to work together on issues such as security, customs, and organized crime and corruption. Tadic reiterated that Serbia would never recognize Kosovo and said that talks on Kosovo's status should be resumed. During talks with Interior Minister Ivica Dacic, Steinberg expressed satisfaction with U.S.-Serbian cooperation in fighting organized crime and terrorism. The two also discussed Serbia's cooperation with UNMIK in Kosovo. Steinberg praised the Srebrenica resolution passed by the Serbian parliament in March as a step toward better regional cooperation.

Congressional Role

The 110th Congress considered legislation on Serbia. On January 17, 2007, the Senate passed S.Res. 31 by unanimous consent. It expressed support for democratic forces in Serbia and strong U.S.-Serbian relations. It called on the United States to assist Serbian efforts to join the EU and NATO. Division J of the Consolidated Appropriations Act of 2008 (P.L. 110-161) includes FY2008 foreign aid appropriations. Section 699D permits U.S. aid to Serbia after May 31, 2008, if Serbia meets certain conditions, most importantly, cooperation with the ICTY. The FY2008 Supplemental Appropriations Act (P.L. 110-252) withholds from obligation FY2008 aid to Serbia's central government equal to the damages caused to the U.S. Embassy by the February 21, 2008, riot in Belgrade, if the Secretary of State reports to the Appropriations Committees that Serbia has not provided full compensation for the damages. According to Serbian and U.S. officials, Serbia has paid full compensation for the damages.

As in past years, the FY2009 Omnibus Appropriations Act (P.L. 111-8) conditioned part of U.S. aid to Serbia on an Administration certification of Serbia's cooperation with the ICTY by May 31, 2009. The FY2010 State Department-Foreign Operations appropriations language, Division F of P.L. 111-107, contains the same provision, with a certification deadline of May 31, 2010. The conference report for P.L. 111-117 recommends \$49 million in political and economic aid for Serbia.

On May 18, 2008, the Senate passed S.Res. 570. The resolution hailed NATO's decision at the Bucharest summit to invite Albania and Croatia to join NATO, as well as NATO's offer to start talks on an Intensified Dialogue to Serbia, Montenegro, and Bosnia. On August 3, 2009, Senator Kerry introduced S. 1559. The bill calls for U.S. aid and other support for the NATO membership candidacies of Bosnia and Herzegovina and Montenegro. It also "encourages as strong a relationship as is possible between NATO and the Government and people of Serbia."

⁶ Text of Vice President Joseph Biden's address to the press in Belgrade, May 20, 2009, from the White House website http://www.whitehouse.gov/the_press_office/Remarks-By-The-Vice-President-At-The-Palace-Of-Serbia/

Author Contact Information

Steven Woehrel
Specialist in European Affairs
swoehrel@crs.loc.gov, 7-2291